

PIER Program Background

In 1996, Governor Wilson signed into law Assembly Bill (AB) 1890 (1996 California Statutes, Chapter 854) which provided authority for a fundamental restructuring of California's electric services industry. Among other things, AB 1890 added Section 381 to the Public Utilities Code, requiring that at least \$62.5 million be collected annually from investor-owned electric utility ratepayers for "public interest" energy Research, Development, and Demonstration (RD&D) efforts not adequately provided by competitive and regulated markets. The California Energy Commission administers these funds through the Public Interest Energy Research (PIER) program.

In August of 2004, the California Public Utilities Commission (CPUC) issued Decision (D.) 04-08-010 making funds available for natural gas-related public interest RD&D. Public Interest Natural Gas Research must conform to all of the following criteria:

- Advances science or technology.

- Research benefits accrue to California citizens.

- The research is not adequately addressed by competitive or regulated entities.

In general, the research funded by this program should improve natural gas energy efficiency and environmental quality, develop renewable technologies, and otherwise provide benefits to the public. The natural gas RD&D budget administered by the California Energy Commission for 2008 was \$21 million (an additional \$3 million administered by the California Air Resources Board). The funds for this RFP are from the natural gas and the electric programs.

The mission of the PIER program is to conduct public interest energy research that seeks to improve the quality of life for California's citizens by providing environmentally sound, safe, reliable and affordable energy services and products. 'Public interest energy research' includes the full range of research, development and demonstration activities that will advance science or technology not adequately provided by competitive and regulated markets.

PIER brings new energy services and products to the marketplace and creates state-wide environmental and economic benefits. PIER funding efforts are focused on the following RD&D program areas:

- Buildings End-Use Energy Efficiency (Buildings)

- Climate Change Program

- Energy Innovations Small Grant Program

- Energy-Related Environmental Research

- Energy Systems Integration

- Environmentally-Preferred Advanced Generation

- Industrial/Agricultural/Water End-Use Energy Efficiency

- Renewable Energy Technologies

- Transportation Research

Significant energy issues have been identified for each of the PIER program areas. The PIER program focus has been directed towards resolving these issues and meeting the overall PIER objectives of improving affordability, reliability, health and safety, California's economy, environmental outcomes, and consumer choices relevant to electricity and natural gas supply and use in California. A list of the key energy issues to be addressed by the PIER Buildings End-Use Energy Efficiency (Buildings) program area can be found at:

<http://www.energy.ca.gov/pier/buildings/description.html>

<http://www.energy.ca.gov/research/buildings/index.html>